WEEKLY ECONOMIC REVIEW

September 1, 2006

The Canadian economy grew at an annualized rate of 2 per cent in the second quarter of 2006, compared to 3.6 per cent in the first. The trade sector was the biggest drag, as exports fell and imports rose. While growth in consumer spending and business investment slowed and the housing market cooled, domestic demand increased by 4 per cent.

Canada's current account surplus decreased to $4.2 billion in the second quarter of 2006, a result of a smaller surplus in goods trade, and a larger deficit in services and investment income. The lower surplus in goods was caused by a decrease in the exports of cars. Exports of energy products improved slightly in the second quarter as the price of crude petroleum rose by 20 per cent.

Second quarter U.S. GDP was revised to 2.9 per cent, up from an earlier estimate of 2.5 per cent. Even though growth slowed from 5.6 per cent in the first quarter, it remained above the Canadian growth of 2 per cent.

In the first half of 2006, wages and salaries rose by 10.7 per cent in Alberta, exceeding the Canadian increase of 6 per cent.

Cdn Dollar (C¢/US$)

Sep 1, 2006	90.5¢
Aug 25, 2006	90.3¢
2006-07 YTD	89.1¢

WTI Oil $US/bbl

Aug 31, 2006	$70.26
Aug 24, 2006	$72.36
2006-07 YTD	$71.91

Nymex Natural Gas C$/mcf*

September Contract

Sep 1, 2006	$6.50
Aug 25, 2006	$8.29

*Estimate based on Nymex Futures Market Price

Wheat prices are firming. U.S. spring wheat has risen more than 15 per cent this year, a result of a pick up in demand and tighter supply. The United States is experiencing one of the hottest summers since 1930s and its crop output is expected to decline. Also, wheat production is expected to fall in Canada, Australia and Europe. India is expected to import about 7 million tons of wheat this year, up significantly from earlier estimates of around 4 million tons.

Oil and gas prices softened this week as the most recent tropical storm bypassed the Gulf of Mexico, where most of the US offshore oil and gas facilities are located.

Economic Indicators Released this Week	Reference Period	Quarter/Previous Quarter	Quarter/Previous Quarter (Annualized Rate)	Quarter/Previous Year's Quarter
	1st Quarter			
Canadian Real GDP (annualized)	1,186,555	0.5%	2.0%	2.8 %
US Real GDP (billions of 2000 dollars, annualized)	11,398	0.7%	2.9%	3.6%
Canadian Current Account Balance ($millions)	+4,194	-48.7%	N/A	-28.8%
		Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Industrial Product Price Index (1997=100)	July			
Canada	115.6	1.7%	4.3%	2.2%
Raw Materials Price Index (1997=100)	July			
Canada	175.1	5.2%	19.0%	15.0%

Source: Statistics Canada

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-July 2006 versus January-July 2005*